

Message Text

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C O N F I D E N T I A L BELGRADE 7971

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SUBJ: VISIT OF SECRETARY RICHARDSON - NORTH-SOUTH ISSUES

REF: (A) BELGRADE 7886, (B) BELGRADE 7792

SUMMARY: DURING DISCUSSIONS ON NORTH-SOUTH ISSUES WITH SECRETARY RICHARDSON, FOREIGN SECRETARY MINIC TERMED CIEC NEAR FAILURE AND, IN ABSENCE OF ANY UNDERSTANDING BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, CONSIDERED OIL PRICE INCREASE INEVITABLE. THOUGH MINIC VOLUNTERED THAT COMPROMISE WAS POSSIBLE ON WHAT HE PERCEIVED AS THE TWO CRITICAL PRESSING ISSUES, COMMODITY PRICES AND DEBT PROBLEMS, HE GAVE NO INDICATION THAT YUGOSLAVIA WOULD NOT CONTINUE TO PLACE PRIMARY IMPORTANCE ON ITS POLITICAL INTEREST OF MAINTAINING NONALIGNED SOLIDARITY. SECRETARY EMPHASIZED THAT USG AGREED ON NEED FOR MORE RAPID DEVELOPMENT OF POOREST COUNTRIES, AGREED THAT COMMODITY PRICES AND EXTERNAL DEBT PROBLEMS MUST BE TACKLED FIRST AND ACCEPTED FACT THAT USG, WORKING WITH OTHERS, HAD MAJOR RESPONSIBILITY FOR DEVELOPING SOLUTIONS TO THESE PROBLEMS. MAJOR DIFFERENCE WE HAD WITH LDCS WAS OVER EFFICACY OF THE MEANS CHOSEN TO SOLVE PROBLEMS WHICH ARE PRACTICAL ONES THAT CANNOT BE SOLVED BY RHETORIC. END SUMMARY.

1. FOLLOWING BASED ON UNCLEARED MEMCON. PROMPTED BY SECRETARY RICHARDSON'S MENTION OF INTERDEPENDENCE, SECRETARY MINIC LAMENTED THAT THE WORLD SEEMED NOT TO HAVE GRASPED THE LESSON OF THE 1973-74 RECESSION. MINIC ASSERTED THAT
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NO REAL UNDERSTANDING EXISTED BETWEEN DEVELOPED AND DEVELOPING

COUNTRIES AND THE ATTITUDE OF THE G-19 AT CIEC OVER THIS DEVELOPMENT WAS LITTLE SHORT OF CONSTERNATION.

2. MINIC REFERRED TO RECENT LETTER FROM SECRETARY KISSINGER CONCERNING POSSIBLE OIL PRICE INCREASE WHICH, HE SAID, SEEMED INEVITABLE. HE EXPRESSED DISAPPOINTMENT THAT AT PARIS TALKS THERE HAD NOT BEEN AGREEMENT CONCERNING PRICE SETTING BOTH FOR FINISHED GOODS AND FOR PRIMARY COMMODITIES. FAILURE TO REACH EARLY SOLUTIONS ON RAW MATERIALS PRICES AND DEBTS, WHICH MINIC TERMED THE TWO PRIMARY NORTH-SOUTH ISSUES, WOULD STRENGTHEN RADICAL AND EXTREMIST ATTITUDES. FOLLOWING WHAT SEEMED TO BE THE OBVIOUS FAILURE OF CIEC, COUNTRIES (LIKE YUGOSLAVIA) WHICH HAVE FIRMLY RESOLVED TO COOPERATE WOULD BE IN A DEFENSIVE POSITION.

3. SECRETARY RICHARDSON COMMENTED THAT THERE SEEMED TO BE AGREEMENT ON THREE BASIC POINTS: FIRST, THAT RAPID DEVELOPMENT OF THE POOREST COUNTRIES WAS OF PARTICULAR IMPORTANCE; SECOND, THAT COMMODITY PRICES AND EXTERNAL DEBTS MUST BE TACKLED FIRST; AND, THIRD, THAT THE UNITED STATES, WORKING TOGETHER WITH OTHERS, HAS A MAJOR RESPONSIBILITY FOR DEVELOPING SOLUTIONS. RICHARDSON POINTED OUT THAT ANY DISAGREEMENTS CONCERNED NOT THE GOALS BUT THE EFFICACY OF MEANS PROPOSED TO SOLVE THE ABOVE PROBLEMS. HE EXPLAINED US VIEWS ON WHY COMMON COMMODITY FUND OR BLANKET DEBT MORATORIUM WOULD BE INAPPROPRIATE SOLUTIONS. HE EMPHASIZED THE NEED FOR DEVELOPING COUNTRIES TO DEVELOP MANUFACTURING CAPABILITIES IN A CLIMATE OF MUTUAL CONFIDENCE FOR FOREIGN INVESTORS AND THE HOST COUNTRIES.

4. MINIC NOTED THAT THE GROUP OF 77 AT THE COLOMBO CONFERENCE AND AT MEXICO CITY ADOPTED PROGRAMS WHICH SET SELF-RELIANCE AND ECONOMIC COOPERATION AMONG THE DEVELOPING COUNTRIES AS THE PRIORITY TASKS. THE DEVELOPING COUNTRIES ALSO NEEDED ACCESS TO WORLD CAPITAL MARKETS AND TRANSFER OF TECHNOLOGY, MINIC CONTINUED, AND HAD NO ILLUSIONS THAT THEIR PLIGHT COULD BE SOLVED ONLY BY FOREIGN ASSISTANCE. THEIR DEMANDS, THEREFORE, WERE NO LONGER INTRANSIGENT. DEBTS AND COMMODITY PRICES WERE TWO PROBLEMS WITHOUT HARDENED POSITIONS. IT WOULD NOT BE HARD TO ACHIEVE COMPROMISE SOLUTIONS, MINIC CONCLUDED, CONFIDENTIAL

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IF THE POLITICAL WILL EXISTED.

5. COMMENT: MINIC UNDERLINED YUGOSLAVIA'S WISH TO MAINTAIN A DIALOGUE WITH THE US ON NORTH-SOUTH ISSUES BUT IN TRUTH HE DOES NOT SEEM TO HAVE MUCH UNDERSTANDING OF THEIR COMPLEXITY AS ECONOMIC ISSUES. HE TOLD RICHARDSON THAT HE WAS EXTRAORDINARILY PLEASED BY THEIR DISCUSSION. IT WAS INTERESTING TO HEAR MINIC MENTION THE POSSIBILITY OF

COMPROMISE SOLUTIONS ON DEBT AND COMMODITY PRICE ISSUES.
YUGOSLAVIA, HOWEVER, WOULD EXPECT ANY COMPROMISE
TO ORIGINATE WITH THE DEVELOPED COUNTRIES, PROBABLY THE

UNITED STATES, AND WOULD SUPPORT A US POSITION ONLY TO THE
EXTENT THAT IT WOULD NOT IMPINGE YUGOSLAVIA'S POLITICAL INTEREST
IN MAINTAINING NONALIGNED SOLIDARITY. THUS, WHILE PERHAPS
USEFUL TO MAINTAIN THE DIALOGUE WITH THE YUGOSLAVS, IT IS
UNCERTAIN HOW MUCH COMMUNICATION WILL BE ACHIEVED.
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